

## **An Open Letter to CL&P and UI Ratepayers**

April 9, 2010

The Office of Consumer Counsel ("OCC"), the state's advocate for utility customers, is alarmed about pending legislation in Hartford --- a bill that would partially balance the current state budget by putting a special charge on the bills of CL&P and UI customers. This proposal is unfair and unjustified. And, this charge would be a burden on ratepayers' electric bills for the next ten years.

When electric restructuring was enacted in 1998, CL&P and UI were allowed to begin charging customers a "competitive transition assessment" (CTA), to cover so-called stranded costs the companies had incurred before restructuring. After years of regular payments, those CTA amounts are scheduled to expire soon. For instance, CL&P's annual CTA amount is scheduled to diminish by some \$210 Million at the end of this year. When the CTA amounts have all been paid off, customer bills should go down since ratepayers' obligations will have ended.

However, state government has other ideas. To address the current state budget shortfall (estimated at \$1.3 Billion), the pending bill would "borrow" that amount from all CL&P and UI customers. And, because that new debt would be paid off over the next ten years, the total charge on customer bills would come to \$1.8 Billion.

The CTA was supposed to disappear entirely once those so-called "stranded amounts" were paid off. Furthermore, the CTA was not intended as a device to charge CL&P and UI customers for costs having nothing whatever to do with electric service. Electric industry restructuring has not worked out as intended, since Connecticut continues to have *the highest electric rates in the continental United States*. At the very least, CL&P and UI customers should be allowed to enjoy the modest rate reductions which elimination of the original CTA in the next few months would bring.

As your advocate, our office wants the CTA eliminated from your bill. You kept up your end of the restructuring bargain, and now is the time to provide you with the rate relief you deserve. We are sure there are other solutions to the state's deficit problems that are more fair, transparent and honest than this complicated financial scheme. Diverting ratepayers' money will not address the challenge of government spending and rightsizing. Diverting ratepayers' money sets a terrible precedent that state government should not allow, something that will be hard or impossible to undo.

CL&P and UI customers, now is the time for you to contact your legislators and the governor's office to let them know how you feel about what they are planning to do with your electric bill. Stand up and be counted. Tell them to do the right thing by you and to allow the elimination of the CTA charge from your bill, as was promised to you over a decade ago.

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